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BIWEEKLY REPORT

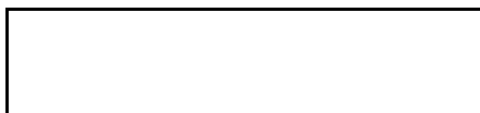
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/35

10 June 1957

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
24 May - 6 June 1957

The arrival of a team of Soviet engineers in Tehran to discuss the development of river water resources on Iran's northern border and the opening of discussions between Egyptian officials and a joint East German-Czechoslovak delegation concerning the construction of an automotive plant in Egypt were the principal events affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World during the period 24 May - 6 June 1957.

The proposed joint Soviet-Iranian development of the Aras and Atrak Rivers for both irrigation and hydroelectric power projects was first considered in July 1956. The satisfactory conclusion of negotiations on certain boundary issues between Iran and the USSR and the arrival of the Soviet engineering team are evidence that the project is being seriously examined by both countries.

The talks begun in Cairo between Egyptian officials and the East German-Czechoslovak delegation concern the planned construction of an automotive plant in Egypt capable of producing both chassis and engines. Several US and Western European companies have also expressed interest in the project. Since February 1956, several groups of East German automotive specialists and engineers have visited Egypt to inspect present plants, test East German vehicles on Egyptian terrain, or discuss the project with Egyptian officials. It is probable that the East German and Czechoslovak offers were combined to make a more attractive offer in view of the competition from Western companies.

In other developments in the Middle East and Africa, Egypt and Czechoslovakia have signed a technical and scientific cooperation agreement, and Ghana has reportedly declined Soviet requests to establish a trade mission in Accra and to exchange diplomatic representatives.

- i -

S-E-C-R-E-T

S-E-C-R-E-T

A shipment of 400 Soviet jeeps for the Indonesian Armed Forces has arrived in Djakarta. A reported agreement in February between the USSR and Indonesia provides for the purchase by Indonesia under a 5-year credit of 4,000 more military jeeps. Also in the Far East, Communist China has contracted to purchase 50,000 tons of rice from Burma. Payment is to be in pounds sterling, China's first purchase for cash from Burma since 1954.

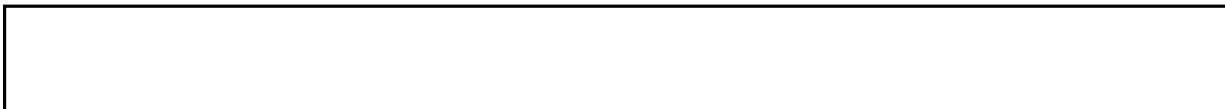
East Germany purchased 35,000 tons of raw sugar valued at about \$4.5 million from Cuba on 24 May. In the first 5 months of 1957, Soviet Bloc countries are known to have purchased 394,000 tons of sugar in Latin America. Bloc purchases of sugar from Free World countries have contributed to a strong upward pressure on sugar prices.

S-E-C-R-E-T

S-E-C-R-E-T

C O N T E N T S

	<u>Page</u>
I. South Asia (Indian Plans for Use of \$126 Million Soviet Credit)	1
II. Far East	1
A. Delivery of Soviet Jeeps to Indonesia	1
B. Purchase of Rice from Burma by Communist China	2
III. Middle East and Africa	2
A. Soviet Negotiations with Iran to Develop Power and Irrigation on the Aras and Atrak Rivers . . .	2
B. Egypt	3
1. East German and Czechoslovak Collaboration on Offer to Establish Automotive Industry in Egypt	3
2. Technical and Scientific Agreement Between Egypt and Czechoslovakia	4
C. Nonacceptance by Ghana of Proposed Soviet Trade Mission	5
IV. Latin America (East German Purchases of Cuban Sugar)	5



25X1

S-E-C-R-E-T

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Next 6 Page(s) In Document Exempt

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